

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 363 – HB 1143

February 26, 2018

SUMMARY OF ORIGINAL BILL: Prohibits a local government entity, or any subdivision or instrumentality thereof, from: requiring allocation of rental units to be sold or rented below market value; conditioning any change in land use restrictions on such allocation; or requiring a person to waive constitutional rights related to real property.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

SUMMARY OF AMENDMENT (013318): Deletes and replaces Section 1(b)(1)(B) of the original bill such that the only substantive change is to prohibit a local government or instrumentality thereof from enforcing an ordinance, resolution, regulation, rule, or other requirement that conditions any development entitlements through an amendment to the zoning map on the allocation of existing or newly-constructed private residential or commercial rental units to be sold or rented at below market rates.

Adds language that authorizes any person who suffers an ascertainable loss of money or property, real, personal, or mixed, or any other article, commodity, or thing of value as a result of a local government action prohibited by this legislation to bring an action to recover damages.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Other Fiscal Impact – To the extent a person suffers an ascertainable loss as a result of a local government action prohibited by this legislation, actions to recover damages may increase leading to a mandatory increase in local government expenditures. The timing and amount of any action and expenditures or any subsequent recovery payment cannot be reasonably quantified.*

Assumptions for the bill as amended:

- Pursuant to Tenn. Code Ann. § 66-35-102, a local government unit is prohibited from enacting, maintaining, or enforcing an ordinance or resolution that would have the effect

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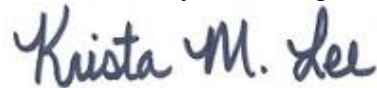
of controlling the amount of rent charged for leasing private residential or commercial property.

- Any impact to local government resulting from clarifying the instances in which local governments, and subdivisions or instrumentalities thereof, are prevented from enforcing an ordinance, resolution, regulation, rule, or other requirement regarding privately-owned property is estimated to be not significant.
- Authorizing any person who suffers an ascertainable loss as a result of a local government action prohibited under this legislation may lead to an increase in court cases and actions to recover damages than otherwise authorized under current law leading to an increase in local government expenditures. The timing and amount of any such actions cannot be reasonably quantified.

**Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

/amj